

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 INT-05 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00

PM-04 H-02 L-03 NSC-05 PA-01 PRS-01 SS-15 STR-04

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 4072

INFO AMEMBASSY THE HAGUE

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E.O. 11652: NA

TAGS: EMIN, TH

SUBJ: TEMCO: SIGNS OF COLD FEET

REF: A. BANGKOK 23445 B. BANGKOK 21990

1. TEMCO VP PAT LYONS SAID NOV. 11 THAT BILLITON OFFICIALS ARE PRESSING FORWARD IN THE HOPE RTG WILL SIGN MANAGEMENT CONTRACT BY END OF WEEK, BUT THAT THEY SEE "DISTURBING" SIGNS RTG OFFICIALS ARE GETTING COLD FEET.

2. "NATION" NOV. 10 CARRIED DETAILS OF PROPOSED SALE OF UNION CARBIDE'S INTEREST TO BILLITON, BUT THERE HAS NOT RPT NOT YET BEEN ANY PRESS OR PRESSURE GROUP COMMENT ON THE PROPOSAL. HOWEVER, GROWING XENOPHOBIA AMONG STUDENT CLIQUES (IN NATIONAL STUDENT CENTER OF THAILAND, AT THAMMASAT UNIVERSITY, AND IN SELF-STYLED ANTI-DICTATORSHIP FRONT AND NATURAL RESOURCES PROTECTION FRONT) MAKE IT ALMOST CERTAIN THEY WILL OPPOSE SOLUTION WHICH INVOLVES OPERATION OF TEMCO CONCESSION BY ANY FOREIGN FIRM.

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3. ANTI-FOREIGN SENTIMENT IS ALSO FESTERING AMONG PRESS AND STUDENT CLIQUES WITH REGARD TO PETROLEUM MARKETING COMPANIES. "BANGKOK POST" NOV. 11 PRINTED CLAIM BY THAMMASAT UNIVERSITY YOUTH THAT STUDENT GROUPS ARE PLANNING NATIONWIDE CAMPAIGN AT END OF MONTH AGAINST ECONOMIC DOMINANCE BY FOREIGN FIRMS. ACCORDING REPORT, SUMMIT OIL CO. (WHICH HAS MANAGEMENT CONTRACT TO OPERATE BANGKOK REFINERY, OWNED BY MINISTRY OF DEFENSE, UNTIL 1990) WILL BE MAIN TARGET OF CAMPAIGN BECAUSE "THE COMPANY IS FORCING THE GOVERNMENT TO CLOSE DOWN ITS REFINERY PLANTS BY NOV. 20 IF NO OIL PRICE INCREASE IS ALLOWED." (COMMENT: THIS REFERS TO RTG POLICY OF TRYING TO FORCE COMPANIES TO ABSORB PART OF COSTS OF RECENT OPEC PRICE HIKE." "POST" NOV. 11 ARTICLE CARRIED NEWS THAT NSCT WILL SUPPORT OTHER GROUPS WHO WANT RTG TO NATIONALIZE OIL MARKETING COMPANIES. THIS, OF COURSE, WOULD INCLUDE CALTEX AND ESSO.

4. IN TALKS WITH RTG, BILLITON OFFICIALS ARE HOLDING TO NOV. 15 AS DEADLINE BEYOND WHICH BILLITON CANNOT PROCEED WITHOUT MANAGEMENT CONTRACT IN HAND, AND LYONS IS CONVINCED DEADLINE IS NOT RPT NOT SIMPLY A NEGOTIATING POSITION. IF BILLITON DEAL FALLS THROUGH, ACCORDING TO LYONS, CARBIDE WILL HAVE TO (1) DISCHARGE 250 IDLE WORKERS STILL ON TEMCO PAY-ROLLS AND (2) SEEK COMPENSATION IN COURTS FOR LOSS OF MINING CONCESSION.

5. IN SUM, THERE ARE STRESSES BUILDING IN TWO INDUSTRIES WHICH MAY FORCE THE KHUKRIT GOVERNMENT TO TAKE A STAND WITH REGARD TO THE STUDENT CLIQUES. PRIME MINISTER KHUKRIT FULLY APPRECIATES BOTH THE IMMEDIATE FINANCIAL AND THE LONG TERM IMPORTANCE OF RESOLVING THIS THORNY PROBLEM. HE IS ANXIOUS TO REASSURE FOREIGN COMPANIES, NOW HESITANT TO INVEST IN THAILAND. A COURAGEOUS DECISION WOULD ALLAY FEARS. THIS IS A CRITICAL TEST FOR KHUKRIT.
WHITEHOUSE

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